

# Counterintelligence

## Executive Budget Summary

### Mission

The Counterintelligence (CI) mission is to successfully identify, neutralize and deter intelligence threats directed at the Department's facilities, personnel, information and technologies. Executive Order 12333 signed December 4, 1981, governs the conduct of intelligence activities by all agencies within the Intelligence Community. Executive Order 12333 established the Federal Bureau of Investigation (FBI) as the agency responsible for conducting counterintelligence activities within the United States and for coordinating the foreign counterintelligence activities of United States Intelligence Community (USIC) members within the United States. Classified Presidential Decision Directive/NSC-61 (PDD-61), "U.S. Department of Energy Counterintelligence Program," dated February 11, 1998, established and defined the Department of Energy's Counterintelligence Program. The existence of the Office was further codified in public law 106-65, Section 3204, Subsection 215.

### Strategy

The Department of Energy (DOE) has long been and remains an attractive target for foreign intelligence services. The post-Cold War era has presented new intelligence challenges to the DOE, including cyber intrusion, the increasing threat of nuclear proliferation, and terrorist interest in weapons of mass destruction. During the past three years the DOE has taken aggressive steps to strengthen its CI Program in response to these new challenges. The vast majority of the initiatives contained in PDD-61 and DOE's CI Implementation Plan have been implemented, and as a result of these improvements, DOE's CI Program can now be described as among the best in the U.S. Government. Congressional support has been critical to providing the necessary resources to establish the Department's current CI Program.

Since its inception in 1988, the DOE CI Program has been fraught with systemic problems. Several U.S. Government reports published over the past ten years, including two studies conducted by the General Accounting Office, one by the Federal Bureau of Investigation, and others by the USIC, concluded that the Department was not doing enough to adequately protect its property and personnel against the collection activities of foreign intelligence services. These reports were consistent in their criticism regarding (1) the Foreign Visitors and Assignments tracking process; (2) DOE Headquarters authority and oversight of the field CI components; and (3) the adequacy of foreign intelligence threat assessments. The cumulative results of these reports led to the signing of PDD-61 on February 11, 1998. PDD-61 mandated numerous changes in DOE's CI Program, addressing for the first time the structural flaws identified in the aforementioned U.S. Government reports. In response to PDD-61, the Secretary of Energy reorganized the CI activities at the Department and created a new Office of Counterintelligence (OCI).

Pursuant to PDD-61, the Department made and continues to make significant improvements to its CI

Program. The Program published a classified report 90 days after PDD-61 was signed. Professional CI Officers (CIOs) from the USIC based the report on three months of field research and subsequent analysis; it set forth 46 specific and substantive recommendations aimed at strengthening the Department's CI Program. The majority of the recommendations were aimed at creating a more centralized CI Program, with the resources necessary to carry out the analytical, investigative, personnel security, information security, and training aspects of the Program's mission. Former Secretary Richardson endorsed the report and its recommendations in November 1998, and the Department has implemented 91% (42 of 46) of these recommendations.

The National Defense Authorization Act of FY 2000, Public Law 106-65, established the National Nuclear Security Administration (NNSA), a semi-autonomous agency within DOE. An Office of Defense Nuclear Counterintelligence (ODNCI) was created within the NNSA. The Chief, ODNCI is responsible for implementation of the CI policies of the NNSA Administrator and those of the Secretary of Energy at NNSA facilities. The Act also codified the establishment of the DOE OCI pursuant to PDD-61. The Director, OCI is responsible for establishing CI policy across the Department, including NNSA. Both CI offices must work closely together to insure that the overall CI needs of the Department are met.

The Program has established the analytical, investigative, inspection, cyber, polygraph, and CI evaluation capabilities necessary to identify and address foreign intelligence targeting and collection activities directed at DOE facilities. Additionally, knowing that much of the threat information essential to the maintenance of these capabilities must come from DOE personnel themselves, the Department has strengthened its CI Training and Awareness Program. The Program has engaged in an ongoing dialogue with the DOE community to ensure that its awareness effort complements the Department's unique mission, while at the same time preparing DOE scientists to respond to elicitation by foreign intelligence entities.

Another CI tool authorized by PDD-61 is the CI-Scope Polygraph. Although this tool is not viewed as a panacea, it can be effective when integrated into a complete CI Program. Cognizant of the misperceptions surrounding the polygraph examination, the Program made substantial efforts to reach out to DOE personnel to explain and demystify the polygraph prior to initiating the Program. Congress has now legislated that "covered personnel" in DOE's high-risk programs and anyone new coming into these programs must complete a CI polygraph examination.

Another significant step the Program has taken to strengthen DOE's CI Program, and one that has allowed close monitoring of its progress, has involved the implementation of a rigorous CI inspection function. The Inspection Program ensures the compliance of field CI offices with the relevant CI policies and regulations and requirements set forth by DOE, Congress and the President.

## **Major Changes**

The FY 2002 Request of \$46.4 million is \$1.4 million higher than the FY 2001 appropriation. This increase is for the equipment and work necessary to expand and enhance the Information Technology

infrastructure of the Office. This will allow improved secure communications and data collection and storage across the program.

## Site Funding and Federal and Contractor Staffing Profiles

(dollars in thousands)

	FY 2000	FY 2001	FY 2002	\$ Change	% Change
Albuquerque Operations Office*	150	136	136	0	0.0%
Los Alamos National Laboratory.....	2,443	2,264	2,264	0	0.0%
Sandia National Laboratory .....	2,374	2,292	2,292	0	0.0%
Kansas City.....	442	386	386	0	0.0%
Pantex.....	587	590	590	0	0.0%
NNSI .....	250	400	400	0	0.0%
Chicago Operations Office*	260	100	100	0	0.0%
Argonne National Laboratory.....	488	750	750	0	0.0%
Brookhaven National Laboratory.....	507	1,300	1,300	0	0.0%
Idaho Operations Office*		156	156	0	0.0%
Idaho National Engineering Laboratory...	1,162	1,044	1,044	0	0.0%
Nevada Operations Office*	150	75	75	0	0.0%
Bechtel-NV.....	138	221	221	0	0.0%
Oakland Operations Office*	150	75	75	0	0.0%
Lawrence Livermore National Laboratory	3,842	4,804	4,804	0	0.0%
Oak Ridge Operations Office*	150	75	75	0	0.0%
Oak Ridge National Laboratory.....	1,784	1,378	1,378	0	0.0%
Y-12 Plant.....		100	100		
Richland Operations Office*	150	125	125	0	0.0%
Pacific Northwest National Laboratory....	11,182	12,222	7,222	(5,000)	-40.9%
Rocky Flats Field Office*	442	386	386	0	0.0%
Savannah River Operations Office*	583	200	200	0	0.0%
<b>Total, Field Funding</b>	<b>27,234</b>	<b>29,079</b>	<b>24,079</b>	<b>(5,000)</b>	<b>-16.1%</b>
Washington Headquarters Funding	5,803	9,203	15,019	5,816	56.7%
HQ Program Direction Funding	3,476	6,707	7,291	584	8.7%
<b>Total, Counterintelligence Program</b>	<b>36,513</b>	<b>44,989</b>	<b>46,389</b>	<b>1,400</b>	<b>3.1%</b>

### Full-Time Equivalents

Federal.....	34	34	35
Contractor (Headquarters and Field) .....	122	144	164

\* Federal Counterintelligence Officers.

## **Program Performance Measures**

The most meaningful performance measures for the DOE CI Program for the period of FY 2002 through FY 2006 will be our enhanced ability to 1) administer of investigations that support mitigation of the CI threat and that identify matters that require further investigations by the FBI; 2) develop of threat assessments that identify targeting of DOE personnel and assets; 3) develop of a multi-channel communications program that enhances employee awareness of CI issues with measurable employee feedback; 4) develop and deploy an enhanced intrusion detection capability for DOE to address cyber threats; 5) conduct inspections of CI programs that ensure a comprehensive and quality effort at DOE sites; and 6) evaluate employees assigned to high-risk positions.

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Caroline Barnes, Acting Director  
Office of Counterintelligence

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Date

# Counterintelligence

## Program Mission

The mission of the Office of Counterintelligence (OCI) is to develop and implement an effective Counterintelligence (CI) Program throughout the Department of Energy (DOE), that identifies, neutralizes and deters foreign government or industrial intelligence activities directed at or involving DOE programs, personnel, facilities, technologies, classified information and unclassified sensitive information. The DOE CI Program is established in accordance with PDD-61; Executive Order 12333, "U.S. Intelligence Activities," dated April 12, 1981; and The Atomic Energy Act of 1954, as amended. The DOE OCI is responsible for approving, conducting and coordinating all policy and investigative matters with the FBI at Headquarters and in the Field. OCI's relationship with the FBI is defined by Executive Order 12333; PDD-61; Director of Central Intelligence Directive 5/1; Section 811(c) of the Intelligence Authorization Act of 1995; and the "Memorandum of Understanding between the Department of Energy and the FBI," dated May 10, 1999. The existence of the Office was codified in public law 106-65, Section 3204, Subsection 215.

## Program Goal

The goal of the CI Program is to enhance the protection of sensitive and classified technologies, information, and expertise against attempts by foreign intelligence, industrial intelligence, and non-traditional collectors to acquire nuclear weapons information or advanced technologies from the National Laboratories and other DOE facilities.

## Program Objectives

The Director of the OCI directs seven programmatic components to include the Analysis Program; the Investigations Program; the Cyber Program; the Counterintelligence Evaluation Program; the Inspections Program; the Polygraph Program; and the Training Program.

- The Analysis Program advises its consumers of the foreign intelligence threat to DOE information, technology, and personnel. This Program also identifies CI trends and emerging concerns and helps consumers to target their counterintelligence resources most effectively. The Analysis Program does this through the production of threat assessments, case studies, program reviews, formal presentations and briefings. This Program has a broad range of consumers, including DOE Headquarters, Field and Laboratory personnel, United States Intelligence Community (USIC) personnel, and U.S. policymakers. The focus of the Analysis Program continues to be the production of foreign intelligence threat assessments. The Program has completed five such assessments, and has several more underway. The program also has produced a series of threat summaries, primarily for use by field Counterintelligence Officers in briefing cleared DOE employees having interaction with sensitive country foreign nationals, and has played a key role in the first three USIC threat assessments mandated by PDD-61.
- The Investigations Program provides an effective defensive CI investigative program throughout

the DOE. This Program is dedicated to detecting and neutralizing foreign government and industrial intelligence activities in the United States directed at, or involving, DOE programs, facilities, technology, personnel, unclassified sensitive information and classified information. The Investigations Program maintains a highly effective CI briefing and debriefing program executed by Field and Headquarters DOE CI Officers. The Investigations Program is the entity primarily responsible for interaction with and provision of investigative support to the FBI. In order to make this effort more efficient, the Investigations Program reviewed and updated the Memorandum of Understanding with the FBI in May 1999. Investigations Program personnel also provide pre-travel briefings to, and conduct debriefings of, DOE personnel having interaction with sensitive country foreign nationals.

- The Cyber Program gathers information and conducts activities to protect against the cyber dimensions of espionage and other intelligence activities conducted on behalf of foreign powers, organizations or persons that target or threaten DOE, its associated institutions, or the critical infrastructures of the U.S. Energy Sector. The Cyber Program is focused on enhancing the Department's ability to protect its sensitive, unclassified information from espionage and other intelligence activity conducted through cyber means. To achieve that objective, the Program has instituted a Pilot Project with an intrusion detection component. In addition, the Cyber Program is funding numerous CI-Cyber Expert positions at field sites.
- The Counterintelligence Evaluation Program conducts CI screening, to include CI polygraph testing and financial investigation, for DOE and contractor employees and applicants for employment, and other individuals assigned or detailed to Federal positions at DOE who are in: the Offices of Counterintelligence, Security and Emergency Operations, and Independent Oversight and Performance Assurance; Special Access Programs (SAPs); the Personnel Security Assurance Program (PSAP); the Personnel Assurance Program (PAP); programs that involve need-to-know or access to information specifically designated by the Secretary regarding the design and operation of nuclear weapons and associated use control features; and individuals with access to Sensitive Compartmented Information (SCI).
- The Polygraph Program conducts CI-scope polygraph examinations for individuals with access to the most sensitive and classified information and materials in connection with DOE's atomic energy defense activities. Based upon an evaluation of the results of the CI polygraph examination, a review of the Personnel Security File and other pertinent information, the Director of CI recommends to the Managers of DOE's high-risk programs whether an individuals' access to these high-risk programs should be approved or retained, or denied or revoked.
- PDD-61 required the Director, OCI to establish an internal inspection program to annually review the DOE CI Program for adherence to the PDD as well as other existing requirements. The OCI Inspection Program was established in 1999 to ensure continued adherence to PDD-61 and the July 1998 classified 90 Day report, "Mapping the Future of the Department of Energy's Counterintelligence Program" as well as OCI requirements established by the Director. The Inspection Program is required to publish written reports detailing the findings of the inspections and reporting on significant CI Program and policy issues not appropriate to, or not resolved by the National Counterintelligence Policy Board or the Energy Security Management Board.

- The DOE CI Training Program has two primary goals: Providing training to DOE CI Professionals and providing CI Awareness information to the DOE workforce.
  - The CI Professional Training Program provides tailored CI training to DOE CI professionals. The program uses three training “tracks”: (1) An in-house CI track, developed and conducted by CI training program personnel, to insure a common understanding of CI procedures within DOE; (2) A DOE technologies track, to familiarize DOE CI personnel with the kinds of technology and information requiring CI protection; and (3) participation in existingUSIC training courses. DOE CI professionals will continue to train in all three tracks to maintain currency and professional proficiency. In-house training has benefited greatly by the creation of our CI Training Academy (CITA) under the auspices of the Nonproliferation and National Security Institute (NNSI) in Albuquerque, NM. We anticipate working with CITA to update in-house training and generate additional CI Awareness materials. NNSI provides state-of-the-art graphics, computer-based-training (CBT) and Distance Learning capabilities. The Training Program will also continue to support joint training opportunities with the FBI.
  - The other major responsibility of the CI Training Program is providing CI Awareness information to the entire DOE population. The Training Program has engaged the services of a major consulting firm to help optimize its CI Awareness communications, tailoring their form and content to various DOE audiences. The effort uses a variety of media, including brochures, posters, videotapes, and computer-based slide shows. The program includes a wide-distribution briefing designed to ensure all employees receive basic CI awareness training annually. This is augmented by smaller, tailored presentations to various audiences. In FY 2002, the CI Training Program will continue to centrally fund expert guest speakers who are available for presentations to audiences throughout DOE.

## **Significant Accomplishments and Program Shifts**

- The DOE CI Implementation Plan contains 46 recommendations for strengthening the DOE CI Program. To date, 42 of the 46 recommendations (or 91%) have been implemented. Additionally, 100% of the Implementation Plan’s most critical recommendations have been implemented.
- The OCI continues to have direct responsibility for programming and funding the CI activities of all DOE laboratories and facilities, and the ODNCI funds CI activities at all NNSA facilities. Together, and in consultation with the appropriate Laboratory Directors, these Offices have placed experienced individuals in the CI Officer positions at thirty-one sites.
- CI personnel have established close and cooperative relationships with the following DOE international scientific and non-proliferation exchanges: (1) Materials Protection, Control and Accounting (MPC&A); (2) High Enriched Uranium (HEU); (3) Nuclear Cities Initiative; and, (4) Initiative for Proliferation Prevention.

- The CI Program is improving and expanding its CI Training Program, which is responsible for providing DOE personnel with CI Awareness training, as well providing DOE CI personnel with the ongoing instruction necessary for them to remain current in the field. For example, OCI has contracted with a renowned Russian defector who provides lectures at various DOE facilities regarding the methodology of the Russian Intelligence Services.
- CI is developing a new personnel system for DOE's CI professionals, including performance standards and a career path.
- The Inspections Program inspected 3 sites in FY 1999, 20 sites in FY2000, and plans to inspect a total of 12 in FY2001. The Inspections are an important part of ensuring compliance with PDD61, the CI implementation Plan and other DOE CI requirements. Inspection teams are composed of former senior FBI, law enforcement, and other USIC officials with CI experience, including a former Deputy Director of the FBI Inspection Division.
- The Analysis Program continued placing Analysts at HQ, and placed field analysts at six laboratories. The Analysis Program plans to place additional four analysts at certain field facilities. The Analysis Program participated in joint analytical projects with the Field Intelligence Elements across the complex. Additionally, the CI Analysis Program participated in several briefings describing the foreign intelligence threat to DOE to both DOE management and the Intelligence Community. This Program also developed and distributed five Foreign Intelligence Threat Summaries and three case studies that were disseminated to CI Officers and USIC officials.
- The CI Program continues to maintain a close relationship with CI personnel at various USIC Agencies ensuring improved information sharing mechanisms and improved investigative and analytic cooperation.
- The CI Evaluation Program established a CI-Scope Polygraph Program, a closely supervised, non-intrusive means of testing the minimal number of DOE federal and contractor employees with the type of professional duties and/or access that make them attractive targets to foreign intelligence services. DOE has expanded its existing polygraph testing facility in Albuquerque, NM, to accommodate additional testing requirements. Additionally, the CI Evaluation Program spearheaded the development and implementation of 10 CFR 709, 710, and 711, "Polygraph Examination Regulation" that describes DOE's use of polygraph examination and became effective January 18, 2000.
- The Cyber Program has developed an intrusion detection analysis capability deployed at 11 sites.
- The Cyber Program has increasingly leveraged information analysis techniques, and resources with computer Security and law enforcement officials in DOE, as well as other Federal agencies.

## Funding Schedule

(dollars in thousands)

	FY 2000 Comparable Appropriation	FY 2001 Original Appropriation	FY 2001 Adjustments	FY 2001 Comparable Appropriation	FY 2002 Request
Counterintelligence.....	36,513	45,200	-211 <sup>a</sup>	44,989	46,389

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<sup>a</sup> Rescission (0.22%) pursuant to the Omnibus Appropriations Act of FY2001.

## Funding by Site

(dollars in thousands)

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Los Alamos National Laboratory.....	2,443	2,264	2,264	0	0.0%
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Y-12 Plant.....		100	100		
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\* Federal Counterintelligence Officers.

## **Site Description**

The CI Program manages, implements, and oversees all of the Department's CI activities to include: overall management, guidance and oversight to the Department's field CI organizations; approving, conducting and coordinating all CI policy and investigative matters with the FBI and other law enforcement agencies; analyzing, producing and disseminating threat-related CI information; and in coordination with the Director of the Office of Intelligence, providing assistance and support to law enforcement authorities in the areas of specialized equipment, technical knowledge, and expert personnel. Field CI organizations exist at DOE and NNSA facilities to include; Albuquerque Operations Office, Los Alamos National Laboratory, Sandia National Laboratories, Chicago Operations Office, Argonne National Laboratory, Brookhaven National Laboratory, Idaho Operations Office, Idaho National Engineering and Environmental Laboratory, Kansas City Plant, Nevada Operations Office, Oakland Operations Office, Lawrence Livermore National Laboratory, Oak Ridge Operations Office, Oak Ridge National Laboratory, Pacific Northwest National Laboratory, Pantex, Richland Operations Office, Rocky Flats Environmental Technology Site and Savannah River Operations Office, and Savannah River Site. CI Officers at these sites also provide CI coverage to other facilities located nearby or otherwise falling under their sites jurisdiction.

# Counterintelligence Activities

## Mission Supporting Goals and Objectives

The DOE Counterintelligence Program supports the total CI discipline by providing the following capabilities to the National Foreign Intelligence Program: Investigations, Operations, and Production.

The CI Program serves seven-core policy and programmatic areas: analysis, investigations, evaluations, inspections, cyber, polygraph and training.

### Funding Profile

(dollars in thousands)

	FY 2000	FY 2001	FY 2002	Change	% Change
Counterintelligence.....	36,513	44,989	46,389	1,400	3.1%

## Detailed Program Justification

(dollars in thousands)

FY 2000	FY 2001	FY 2002
<b>36,513</b>	<b>45,200</b>	<b>46,389</b>

### Counterintelligence Activities

Provide consumers with information regarding the foreign intelligence threat to DOE information, technology, and personnel through research, analysis, and production of finished CI products, including threat assessments, case studies, program reviews, formal presentations and briefings. Detect and neutralize foreign government and industrial intelligence activities in the United States directed at, or involving, DOE programs, facilities, technology, personnel, unclassified sensitive information and classified information. Conduct comprehensive CI vetting of DOE and contractor employees and applicants for employment, and other individuals assigned or detailed to positions at DOE. Operate an internal inspection program to annually review the DOE CI Program for adherence to the PDD as well as other existing requirements. Conduct CI-scope polygraph examinations for individuals with access to the most sensitive and classified information and materials in connection with DOE's atomic energy defense activities. Provide training to DOE CI Professionals and provide CI Awareness information to the DOE workforce. The Cyber Program gathers information and conducts activities to protect against the cyber dimensions of espionage and other intelligence activities conducted on behalf of foreign powers, organizations or persons that target or threaten DOE, its associated institutions, or the critical infrastructures of the U.S. Energy Sector. Provide salaries, benefits, travel, training, support service contracts, and other related expenses necessary to support the Counterintelligence Program federal staff.

### Explanation of Funding Changes from FY 2001 To FY 2002

FY 2002 vs. FY 2001 (\$000)
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**Counterintelligence Activities..... + \$1,400**

The FY 2002 request is \$1.4 million higher than the FY 2001 appropriation. This increase is for the equipment and work necessary to develop and install Information Technology infrastructure across the HQ and field elements of the DOE CI Program. This will allow improved secure communications and data collection and storage.